



**Linda S. Adams**  
Secretary for  
Environmental Protection

# Air Resources Board

**Mary D. Nichols, Chairman**  
1001 I Street • P.O. Box 2815  
Sacramento, California 95812 • [www.arb.ca.gov](http://www.arb.ca.gov)



**Arnold Schwarzenegger**  
Governor

## **Carl Moyer Program Advisory: 08-005**

### **Regulatory Credits for Off-Road Retrofit Projects**

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ARB's Regulation for In-Use Off-Road Diesel Vehicles (Off-Road Regulation) requires vehicles to apply exhaust retrofits and to accelerate turnover of fleets to newer, cleaner engines. The Off-Road Regulation establishes annual fleet average emission targets for PM and NOx that decline over time. If in any year that a fleet does not meet the fleet average targets, the fleet must turnover and retrofit a maximum percentage of their total horsepower. In accordance with Section 2449.2(a)(2)(A)(2) of the regulation, fleets can earn double credit for PM retrofits if they have the highest level verified diesel emission control strategy (VDECS) installed on their vehicles before March 1, 2009. Fleets that install the highest level VDECS on their vehicles between March 1, 2009 and February 29, 2012 will earn single credit for those projects.

The Carl Moyer Program provides incentive funding for off-road retrofit projects provided they obtain early (at least three years prior to regulatory compliance deadlines) or extra emission reductions. However, the Carl Moyer Program is not designed to pay for compliance or compliance extension. This advisory clarifies ARB's policy regarding the regulatory credits that Carl Moyer funded retrofit projects may generate in accordance with the Off-Road Regulation. Carl Moyer retrofit projects that have contracts executed before the adoption of the Off-Road Regulation (July 26, 2007) will receive double credit in accordance with the regulation. Because Carl Moyer funded projects may not be used to delay compliance, and early retrofit installations will allow an applicant to delay compliance, retrofits installed before March 1, 2009 will only earn single credit toward rule compliance. Consequently, for retrofit project contracts executed after Board adoption of the regulation and implemented (i.e. retrofit installed) before March 1, 2009, the districts must include contract language stipulating that Carl Moyer funded projects will receive single credit. For contracts already executed, this may require districts to amend the contracts.

Sample contract language:

*In accordance with California Code of Regulations, Title 13, Section 2449.2(a)(2)(A)2., each retrofit funded and installed under this contract may only generate a single credit toward regulatory compliance.*

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.*

California Environmental Protection Agency